Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-05 CIAE-00 COME-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 SS-15
NSC-05 L-03 PA-02 PRS-01 USIA-15 /075 W
----------078614 250014Z /64
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5538

UNCLAS LONDON 10556

E.O. 11652: N/A
TAGS: EAIR
SUBJECT: CIVAIR - BERMUDA II

1. FINANCIAL TIMES AND TIMES REPORTED TRADE SECRETARY DELL'S COMMENTS IN COMMONS, JUNE 23, ON THE NEW US/UK AIR SERVICES AGREEMENT. DELL WELCOMED IT AND SAID IT WOULD PROVIDE SIGNIFICANT NEW OPPORTUNITIES FOR BRITISH AND U.S. AIRLINES AND PROMISED REAL BENEFIT TO THE CONSUMER. HE WAS QUOTED AS SAYING THAT "THE MOST IMPORTANT AND NOVEL FEATURE OF THE NEW AGREEMENT IS THE MECHANISM TO CONTROL CAPACITY ON NORTH ATLANTIC ROUTES. THIS IS DESIGNED TO REDUCE WASTE OF FUEL AND OTHER RESOURCES THAT RESULT FROM FLYING TOO MANY EMPTY SEATS."

2. DELL ALSO POINTED OUT THAT THE DEVELOPMENT OF CHARTER SERVICES UNDER THE NEW AGREEMENT, WHICH BOTH SIDES DESIRED TO FOSTER, WOULD OFFER FURTHER BENEFITS TO THE TRAVELLING PUBLIC. THE AGREEMENT COULD GIVE BRITISH AIRLINES A FAIRER OPPORTUNITY TO FIGHT FOR A BIGGER SHARE OF A GROWING MARKET.

3. THE LIBERAL PARTY ECONOMIC SPOKESMAN (PARDOE) SAID CONSUMERS SHOULD LOOK WITH A JAUNDICED EYE AT ANY AGREEMENT WHICH ALLOWED PRODUCERS TO LIMIT COMPETITION AS THIS
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ONE DID. DELL RESPONDED THAT THE SAVING ON ENERGY AND THE FEWER EMPTY SEATS WOULD EVENTUALLY LEAD TO LOWER FARES IN REAL TERMS WHICH WAS WHAT PASSENGERS WANTED.

4. WHEN ASKED ABOUT CONCORDE AT NEW YORK AND WASHINGTON, DELL SAID HE EXPECTED THE TRIAL PERIOD OF CONCORDE FLIGHTS TO WASHINGTON TO BE EXTENDED UNTIL THE U.S.

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GOVERNMENT COULD CONFIRM THEM. AS FOR NEW YORK, THE PROSPECTS FOR CONCORDE THERE IN THE IMMEDIATE FUTURE DEPEND ON THE RESULTS OF THE COURT PROCEDURES NOW PROCEEDING IN THE U.S.

5. OTHER ARTICLES REPORTED "A BITTER ATTACK ON THE NEW AGREEMENT BY BRITISH CALEDONIAN;" IN THEIR OPINION, BRITAIN IS WORSE OFF UNDER THE NEW AGREEMENT THAN IT WAS BEFORE. THE CARRIER EXPECTS IT WILL LOSE 5.3 MILLION POUNDS THE FIRST YEAR THE RIVAL SERVICE AT DALLAS/FT. WORTH IS OPERATED. TO COUNTER THIS, BCAL SAID IT WILL APPLY FOR A VARIANCE ON ITS LICENSE TO INCLUDE DALLAS/FT. WORTH.

6. BRITISH AIRWAYS PLANS TO BEGIN NON-STOP SERVICES BETWEEN LONDON AND SAN FRANCISCO NEXT SPRING WERE ALSO REPORTED. THE AIRLINE, EXPECTING SUBSTANTIAL GROWTH IN WEST COAST TRAFFIC, THE REPORTS NOTE, INTENDS TO INCREASE ITS CAPACITY ON THE LONDON/LOS ANGELES ROUTE FROM APRIL 1, 1978 BY RUNNING 747'S FIVE DAYS A WEEK AND DC-10'S TWO DAYS.

BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
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SAS ID: 2038619
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